

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 14, 2019

NuStar Energy L.P.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation)

001-16417  
(Commission File Number)

74-2956831  
(I.R.S. Employer Identification No.)

19003 IH-10 West  
San Antonio, Texas 78257  
(Address of principal executive offices)

(210) 918-2000  
(Registrant's telephone number, including area code)

Not applicable  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)  
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))  
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common units	NS	New York Stock Exchange
Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units	NSprA	New York Stock Exchange
Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units	NSprB	New York Stock Exchange
Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units	NSprC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 7.01 Regulation FD Disclosure.**

Senior management of NuStar Energy L.P. is meeting with members of the investment community at the 2019 Citi One-on-One Midstream/Energy Infrastructure Conference on Wednesday, August 14, 2019, and Thursday, August 15, 2019. The slides attached to this report were prepared in connection with, and are being used during, the meetings. The slides are included in Exhibit 99.1 to this report and are incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit Number	EXHIBIT
<a href="#">Exhibit 99.1</a>	Slides to be used on August 14, 2019 and August 15, 2019
Exhibit 104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NUSTAR ENERGY L.P.

By: Riverwalk Logistics, L.P.  
its general partner

By: NuStar GP, LLC  
its general partner

Date: August 14, 2019

By: /s/ Amy L. Perry  
Name: Amy L. Perry  
Title: Executive Vice President-Strategic Development and General Counsel

# 2019 Citi

## One-on-One Midstream/Energy Infrastructure Conference

August 14 –15, 2019



# Forward-Looking Statements



Statements contained in this presentation other than statements of historical fact are forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will likely vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance presented or suggested in this presentation. These forward-looking statements can generally be identified by the words "anticipates," "believes," "expects," "plans," "intends," "estimates," "forecasts," "budgets," "projects," "could," "should," "may" and similar expressions. These statements reflect our current views with regard to future events and are subject to various risks, uncertainties and assumptions.

We undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see NuStar Energy L.P.'s annual report on Form 10-K and quarterly reports on Form 10-Q, filed with the SEC and available on NuStar's website at [www.nustarenergy.com](http://www.nustarenergy.com). We use financial measures in this presentation that are not calculated in accordance with generally accepted accounting principles ("non-GAAP") and our reconciliations of non-GAAP financial measures to GAAP financial measures are located in the appendix to this presentation. These non-GAAP financial measures should not be considered an alternative to GAAP financial measures.

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# Introduction



# This Year, We Have Continued to Build on the Strong Foundation We Established in 2018



NYSE: NS

• Common Unit Price(1):	\$27.15
• Distribution/CU/Year:	\$2.40
• Yield(1):	8.8%
• Market Cap(1):	~\$3 billion
• Credit Ratings:	
➤ Fitch: BB/Stable	
➤ Moody's: Ba2/Stable	
➤ S&P: BB-/Stable	
• Enterprise Value:	~\$8 billion
• Total Assets:	~\$6 billion
• Pipeline Miles:	~9,800
• Pipeline Volumes (2):	1.7MMBPD
• Storage Capacity:	~74MM B
• Storage Throughput Volumes(2):	396MBPD

Lower Debt-to-  
EBITDA

No IDR Burden

Strict Capital  
Discipline

Transparent  
Governance

Strong Coverage

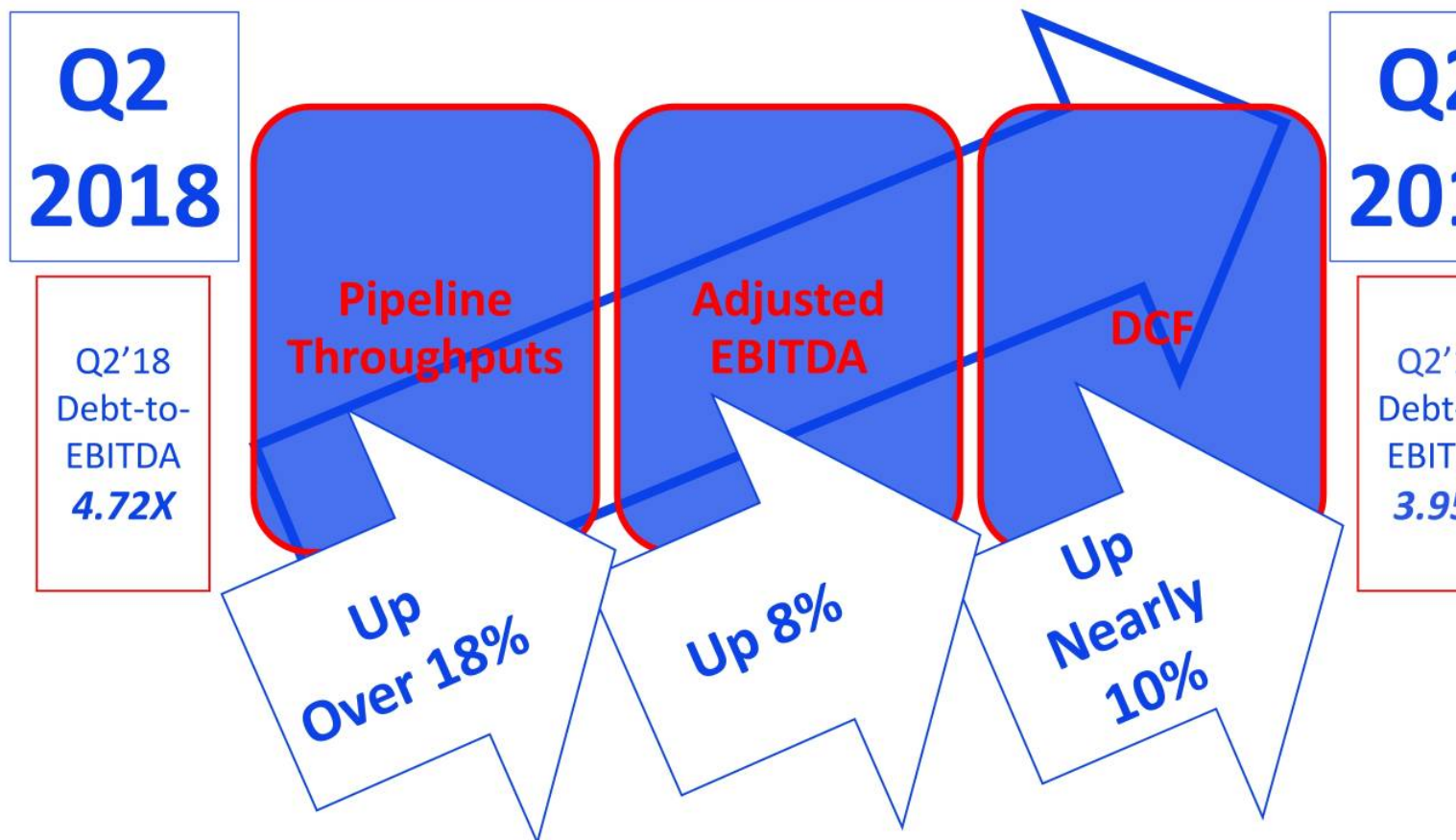
Maximized Self-  
Funding

Simplified  
Structure

1. As of August 12, 2019

2. Average daily volume for quarter ended June 30, 2019

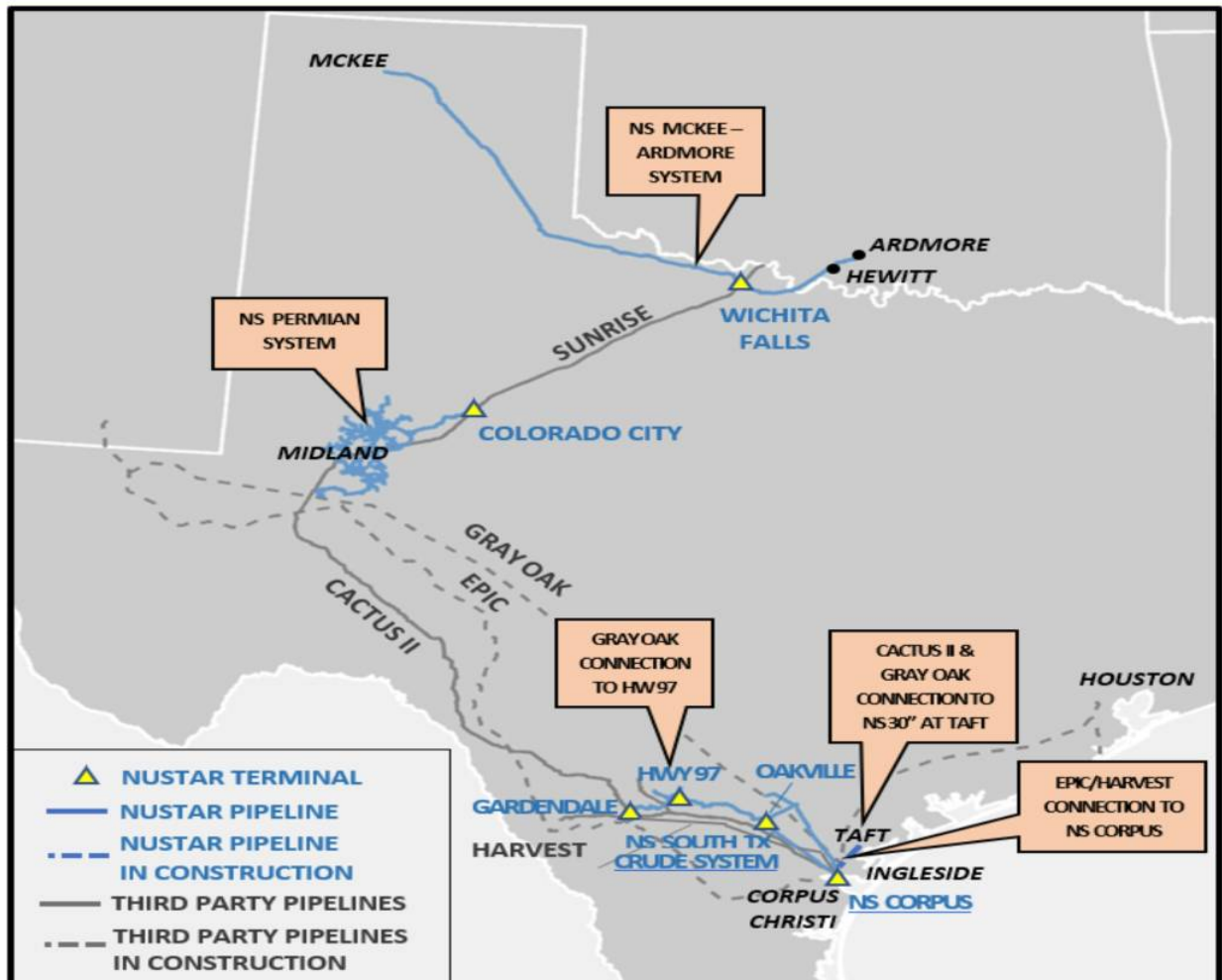
# NuStar's Second Quarter 2019 Results Illustrate Our Progress and Growth



1 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures



## Much of NuStar's Growth Has Emerged From Opportunities Driven by Continued Strong Shale Production Growth



Our Recent Divestitures Have Had a Substantial Positive Impact on Our Financial Strength, and the St. Eustatius Sale Provided Benefits Even Beyond Our Balance Sheet



Over  
\$500,000,000  
in Nine Months

- In July, we closed on the sale of the St. Eustatius operations for a purchase price that implies a healthy double digit multiple
- We have deployed the proceeds from both sales to lower our debt, and both are helping us fund the high-return, low-multiple projects comprising our 2019 strategic capital program
- With the sale of the St. Eustatius operations, we:
  - ❑ Improved both our forecasted 2019 debt-to-EBITDA and our DCF coverage
  - ❑ Reduced our op-ex by about \$30MM for the remainder of 2019
  - ❑ Reduced our 2019 reliability capital by about \$10MM
  - ❑ Simplified and de-risked our business overall

1 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

We Have *Improved* Our Expected Full-Year 2019 Coverage and Leverage, While Keeping Our 2019 Strategic Capital Spending Range Steady



	<u>Prior</u>	<u>Revised</u>
2019 DCF COVERAGE	1.2-1.3X	1.3-1.4X
2019 Debt-to-EBITDA	~4.3X	~4.1X
2019 Strategic Capital	\$500-550MM	\$500-550MM
2019 Reliability Capital	\$70-90MM	\$60-80MM

1 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures



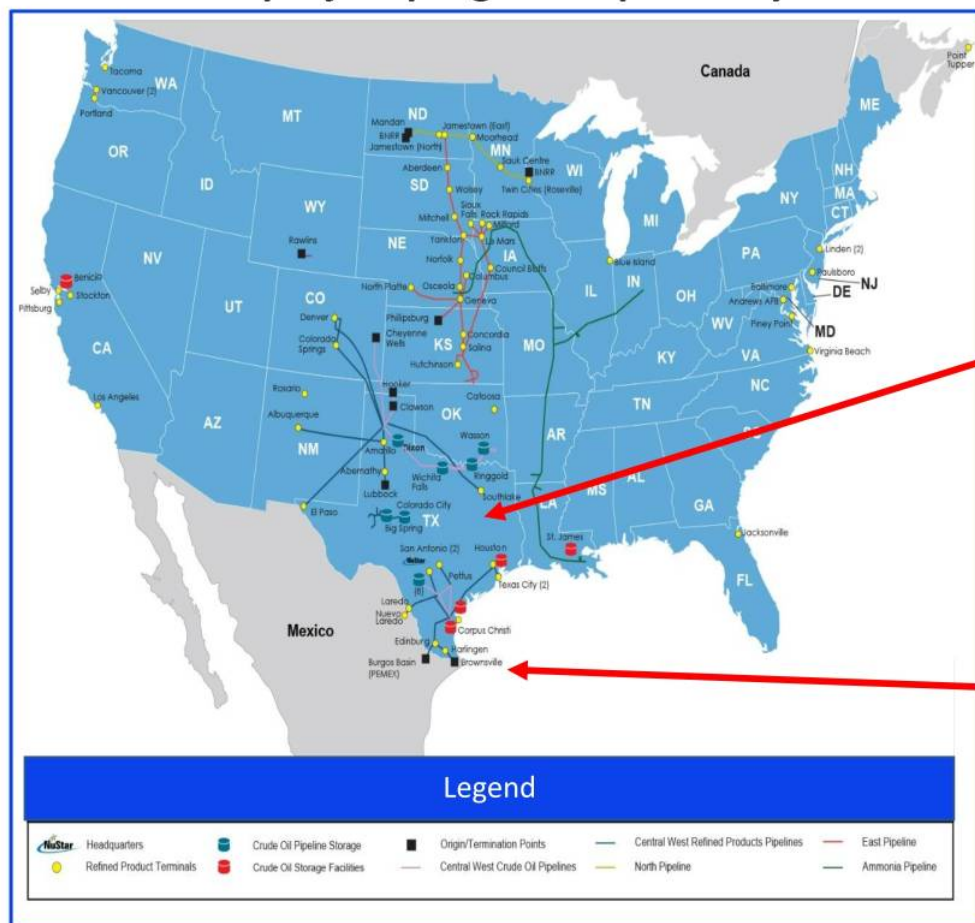
# 2019 Capital Project Program Update



We Continue to Expect to Spend \$500-550MM This Year to Execute on Our 2019 Capital Spending Program



● Our 2019 project program is primarily devoted to spending for:



**Shale Production Growth  
Projects Across Texas:**

- Permian Crude System build out- ~\$175MM
- South Texas/Corpus export project-~\$105M
- Projects to Support PA Sunrise Pipeline Volume to Wichita Falls and Hewitt -~\$10MM

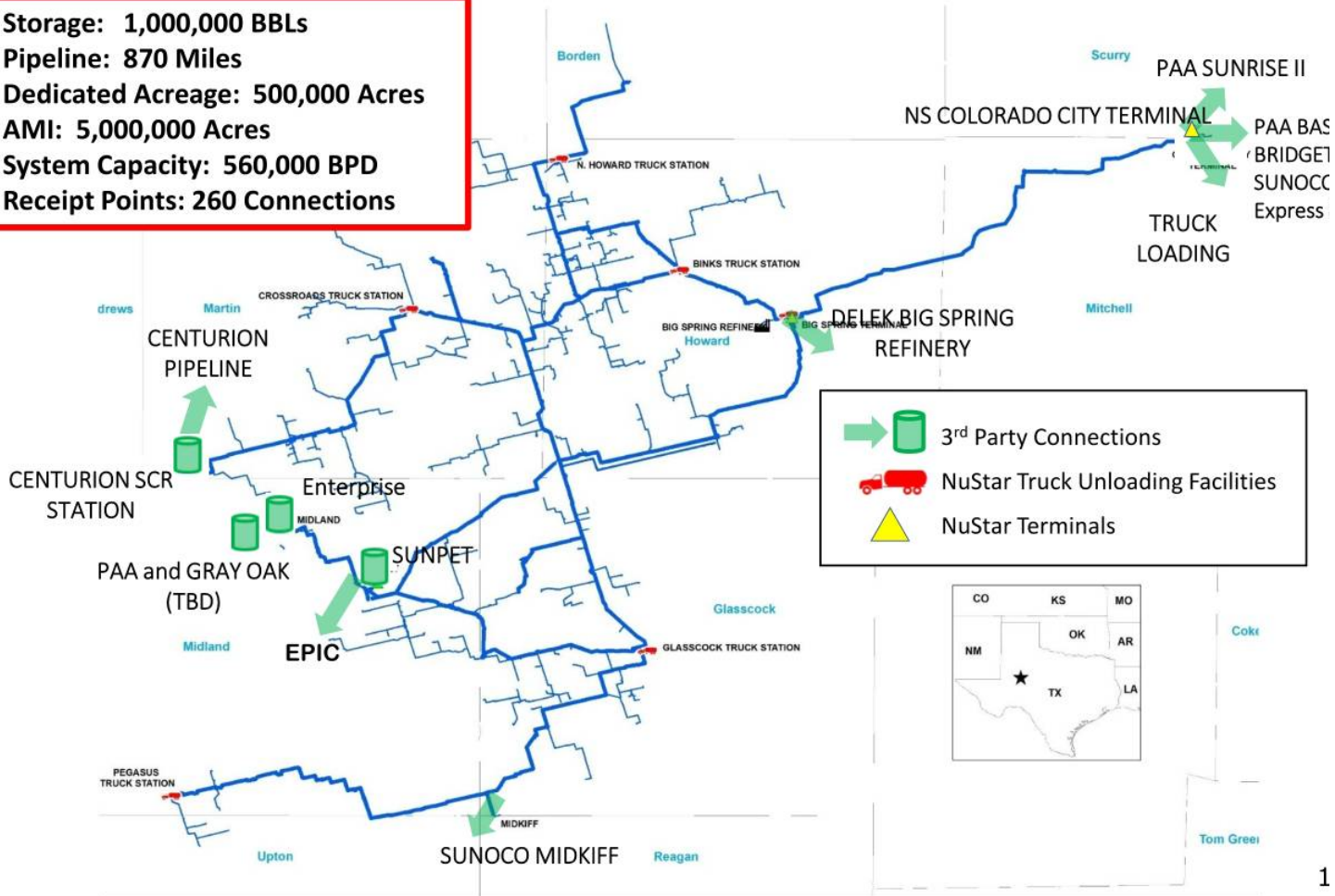
**N. Mexico refined product supply projects  
~\$150MM**



Texas Shale Pipeline + Export Projects: We Are Continuing to EXPAND and CONNECT Our Permian Crude System- to New Wells and to Third-Party Pipelines- in Step With Our Customers' Needs



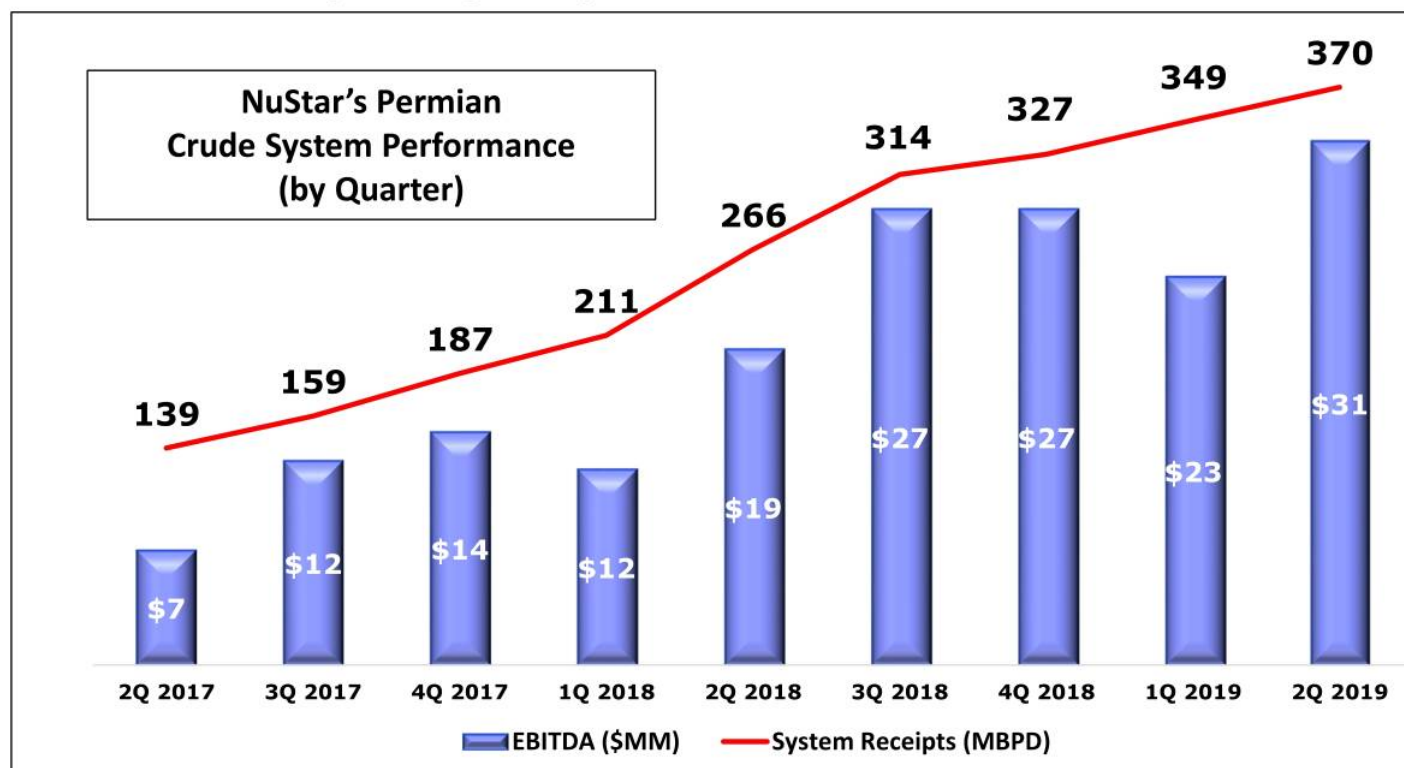
- **Storage: 1,000,000 BBLs**
- **Pipeline: 870 Miles**
- **Dedicated Acreage: 500,000 Acres**
- **AMI: 5,000,000 Acres**
- **System Capacity: 560,000 BPD**
- **Receipt Points: 260 Connections**



## Texas Shale Pipeline + Export Projects: Our Permian Crude System's Receipts and EBITDA Continue to Grow Rapidly



### ● We are currently moving nearly 400MBPD



### ● We continue to expect to achieve throughput of 450MBPD by year-end 2019

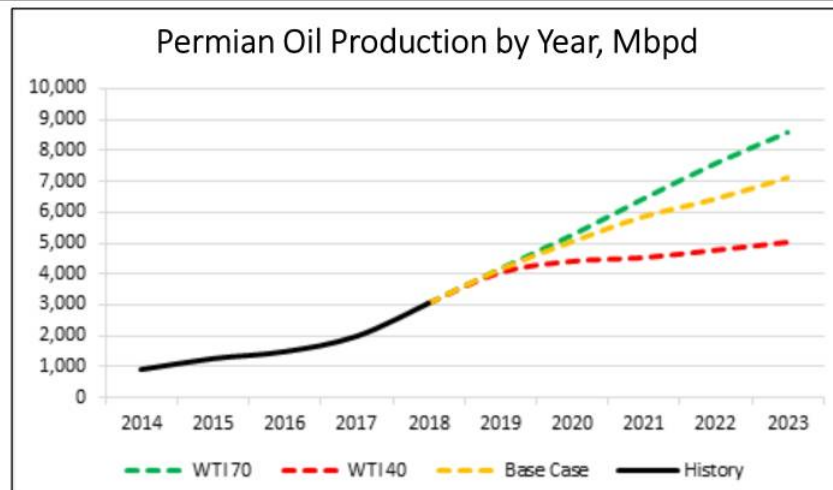
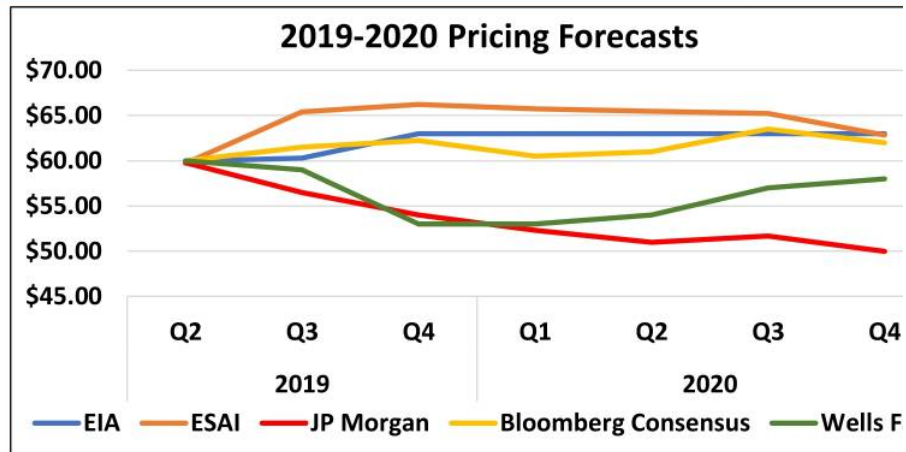
1 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

## Texas Shale Pipeline + Export Projects: The Permian Basin's Resiliency and Efficiency Should Drive Strong Growth, for the Rest of 2019 and Beyond



- **Geopolitical factors have and continue to drive volatility in forecasted oil prices**
- **Despite volatility, analysts are projecting WTI prices to remain above \$50 for the rest of the year**
- **According to industry experts, the resilience and efficiency of the Permian continues to produce healthy growth even at \$50 WTI**

Source: Bloomberg (7/17/2019), EIA (7/9/2019), EIAI (6/28/2019), JP Morgan (7/17/2019), Wells Fargo (7/3/2019); Rystad Energy



## Texas Shale Pipeline + Export Projects: Our South Texas Crude System and Corpus Export Assets' Utilization Has Grown, and We Expect Throughput to Grow, For Both Permian WTI and Eagle Ford Barrels



- **We are currently seeing pipeline receipts around 180MBPD on our South Texas Crude System, composed of barrels from both the Permian and the Eagle Ford**
- **We have also made progress in increasing our market share by leveraging our system's flexibility and reach, our optionality and reputation for great service**
  - We now have T&D contracts for 106MBPD of the system's 240MBPD capacity
- **We have seen, and expect to see, additional utilization of our South Texas assets from**



Truck deliveries from the Permian to our system when differentials widen



Our export project for Trafigura to transport Permian barrels from Cactus II to our Corpus export facility



We expect to connect to Gray Oak at our Highway 97 location as soon as the fourth quarter



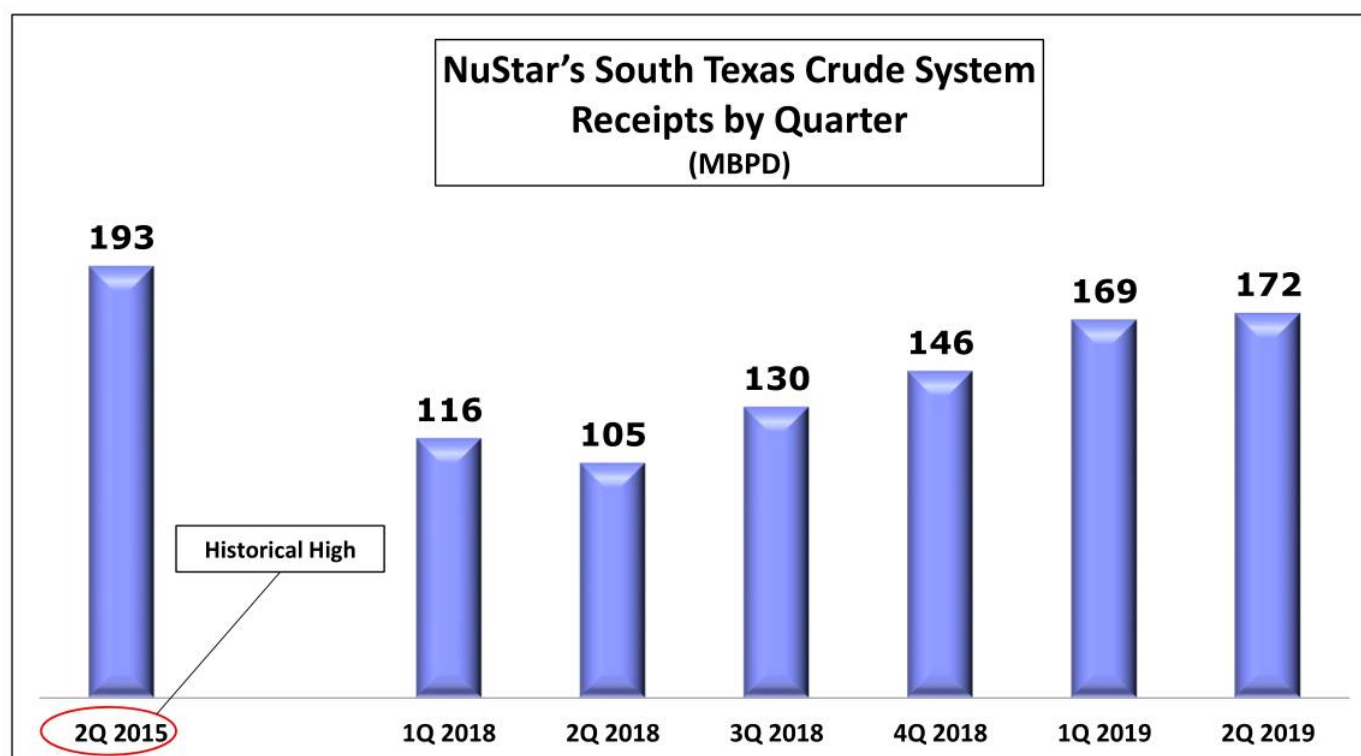
Harvest recently filed a new FERC tariff to transport WTI barrels from EPIC at Midway Junction on Harvest's pipeline to our Corpus terminal



Texas Shale Pipeline + Export Projects: We Have Seen Our South Texas Crude System Utilization Improve to Near 2015 Levels



- We expect receipts and EBITDA to continue to rise in the second half of 2019 and into 2020 as we see benefit from our Corpus export expansion project and other connect





## Texas Shale Pipeline + Export Projects: We Are Now Transporting Permian Barrels From a Connection With Plains' Sunrise II Pipeline

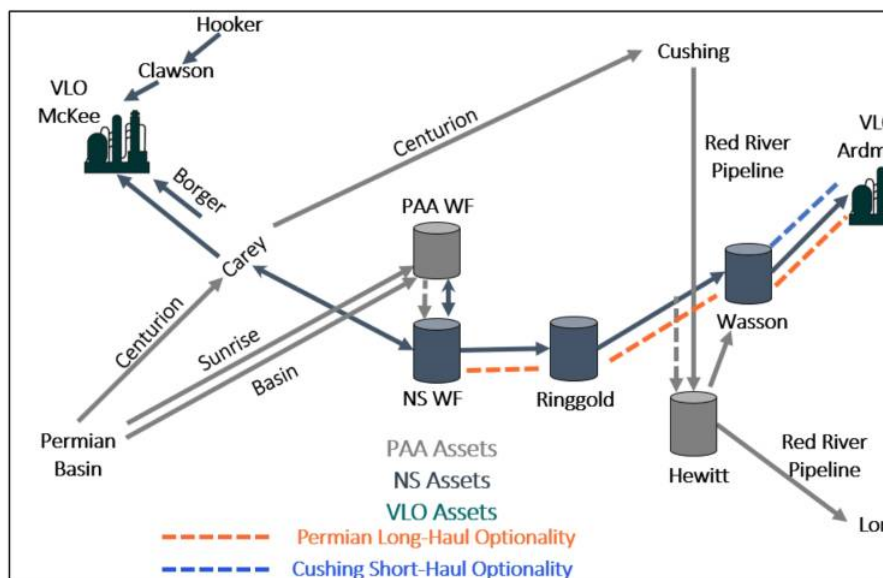


- **We provide our customer with optionality to supply the Ardmore and McKee refineries with Permian barrels from Plains' Sunrise II expansion**

- ☐ Service to Ardmore – ~85MBPD (similar volumes with higher tariff)
- ☐ Service to McKee – ~110MBPD (similar volumes and tariff)

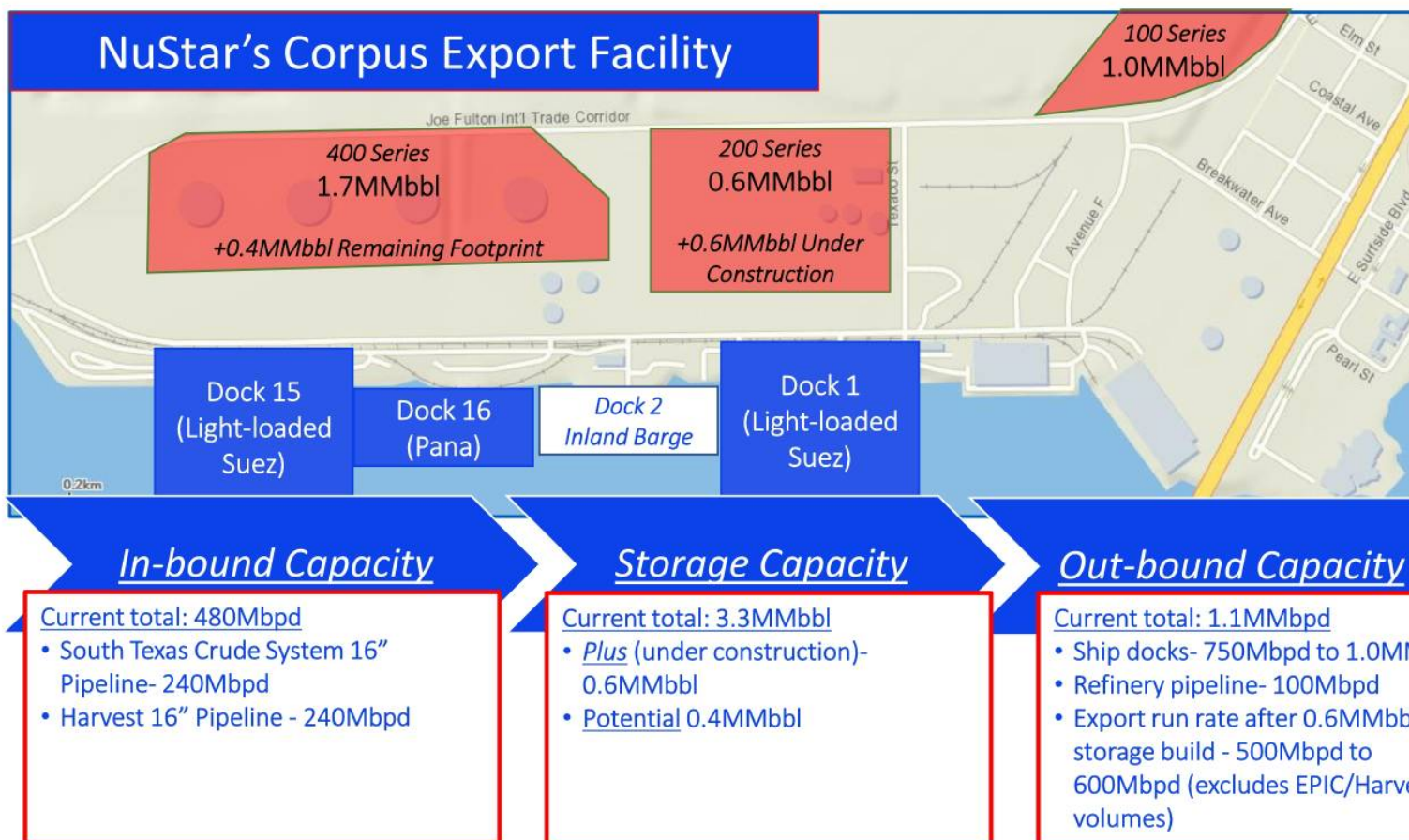
- **We entered into an agreement with a customer to construct an additional connection to our Wichita Falls terminal to support increased volumes and move Permian barrels to both Ardmore and McKee refineries and third-party pipelines**

- **We have signed a long-term commitment to ship barrels between Wichita Falls, TX and Hewitt, OK to support deliveries to a third-party pipeline**



- ☐ New service to Hewitt - May 2019 (incremental revenue)
- ☐ The projects help us serve our customers' needs and benefit from longer-haul tariff and incremental barrels

## Texas Shale Pipeline + Export Projects: NuStar's Corpus Facility is Now Handling the Leading Edge of the Impending Wave of Permian Long-haul Barrels



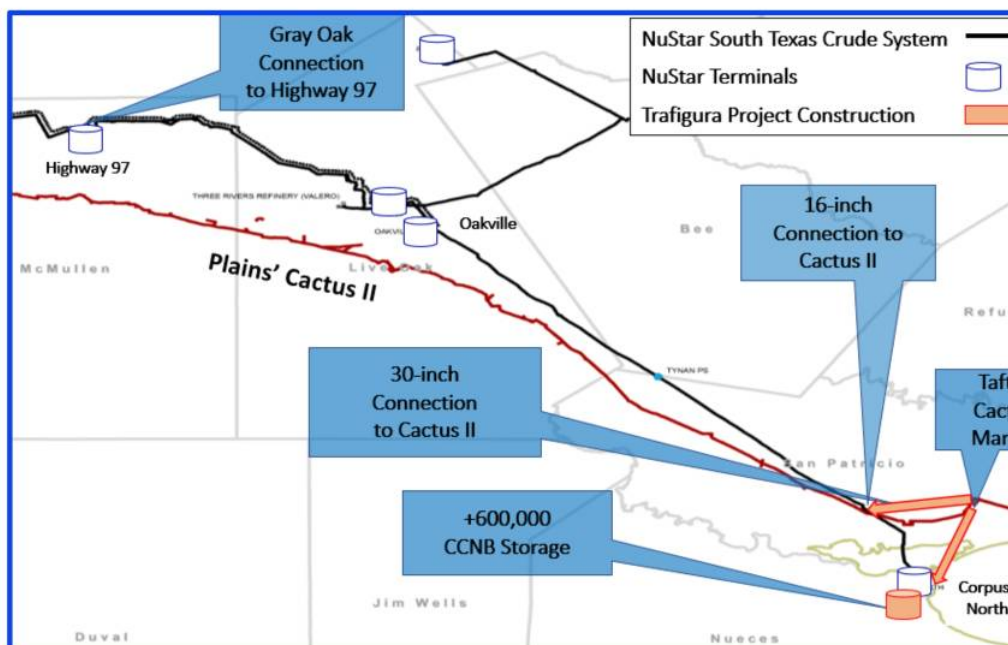
## Texas Shale Pipeline + Export Projects: Our Project for Trafigura Utilizes Our Existing Assets and Expands Our Ability to Facilitate Growing Gulf Coast Exports



### Trafigura's four-year commitment to transport and store WTI on our South Texas System and our Corpus facility will support two projects:

- On August 10, 2019, we began transporting WTI via our South Texas system 16" existing pipeline from a connection to PAA's Cactus II pipeline to our Corpus facility

- We are completing construction on a new 30" pipeline from a connection in Taft to our Corpus facility in Q3 2019 and are building 600Mbbls of storage at Corpus, which will bring our capacity at the facility to 3.9MMbbls (of which Trafigura will lease 1.6MMbbls)



- We are in discussions to connect to other long-haul pipeline projects and with parties for additional commitments
- We are exploring connections to projects for crude oil export facilities with VLCC-loading capabilities

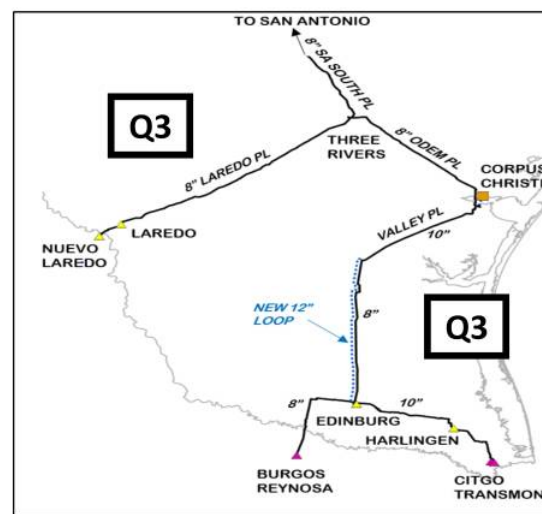
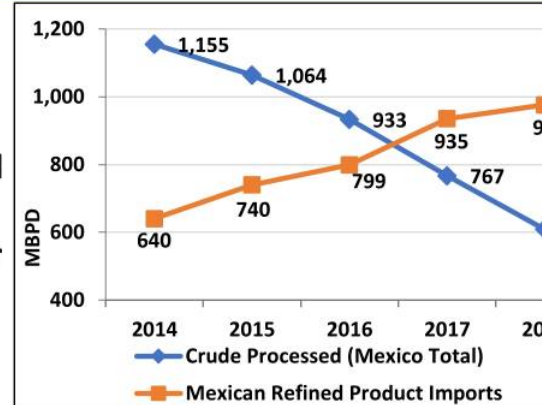


# Northern Mexico Refined Products Supply: Mexico's Refined Product Demand is Expected to Continue to Exceed Its Infrastructure's Capacity



- **Mexico refineries currently operate around 30% of nameplate capacity due to weak returns and historical under-investment**
- **With limited domestic supply, Mexico's gasoline and diesel supply imbalance has grown from 520MBPD in 2015 to 865MBPD projected in 2019, further opening the doors for imports**
- **We are executing on two projects we developed to address the supply imbalance in Northern Mexico:**
  - **Nuevo Laredo Project for Valero**
    - Early ULSD service later this year
    - Odem pipeline, Dos Laredos pipeline and Nuevo Laredo terminal expansion should be completed by February 2020
    - 48Mbpd capacity with take-or-pay volumes on seven-year contract term
  - **Valley Pipeline Expansion for major customer**
    - Receiving facility in Matamoros is expected to be in service later this year
    - NuStar's project is on schedule and expected to be in service in Q3 2019
    - 45Mbpd new capacity with seven-year contract term
    - Recent open season was fully subscribed

Source: Petroleos Mexicanos (PEMEX)



Beyond 2019: Increased EBITDA +  
Decreased Capital Spending



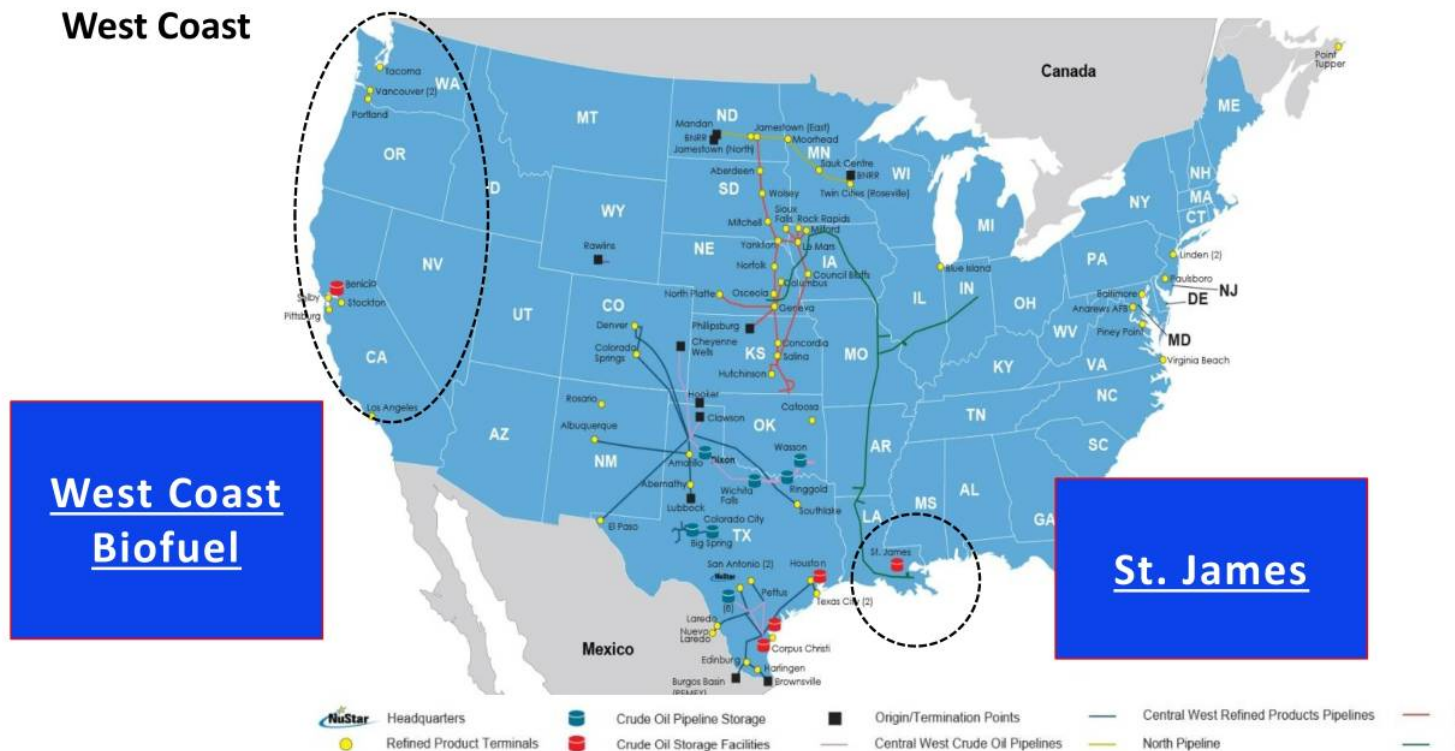
AP Master 8-12-19



# In 2020, With Our 2019 Capital Projects Complete, We Expect a Significant Ramp-Down in Spending



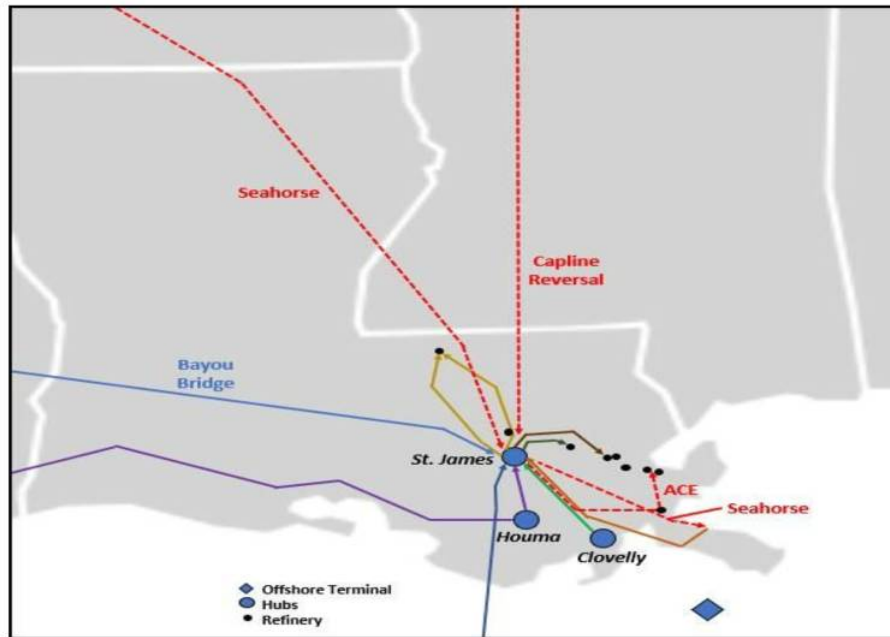
- We intend to focus on low-spend, low-multiple projects to enhance our existing footprint to take advantage of market opportunities, including St. James and on the West Coast



## North American Shale Play Production Growth has Reversed Crude Flows, Which is Now Driving Additional Shale Crude to St. James, LA

- As rapid growth in U.S. shale production has allowed refiners to replace much of crude imports with domestic crude, imports from outside the U.S. through St. James have decreased dramatically
- At the same time, North American shale production continues to grow and St. James continues to play a central role in crude distribution and storage for the region and the world, illustrated by a number of projects to address that changing supply and demand:

- ☐ LOOP exports
- ☐ Bayou Bridge
- ☐ Capline reversal
- ☐ ACE
- ☐ Seahorse



Source: RBN

## Our St. James Terminal has the Capacity, Connectivity and Potential Expandability to Take Maximum Advantage of Changing Regional Crude Flows as They Develop



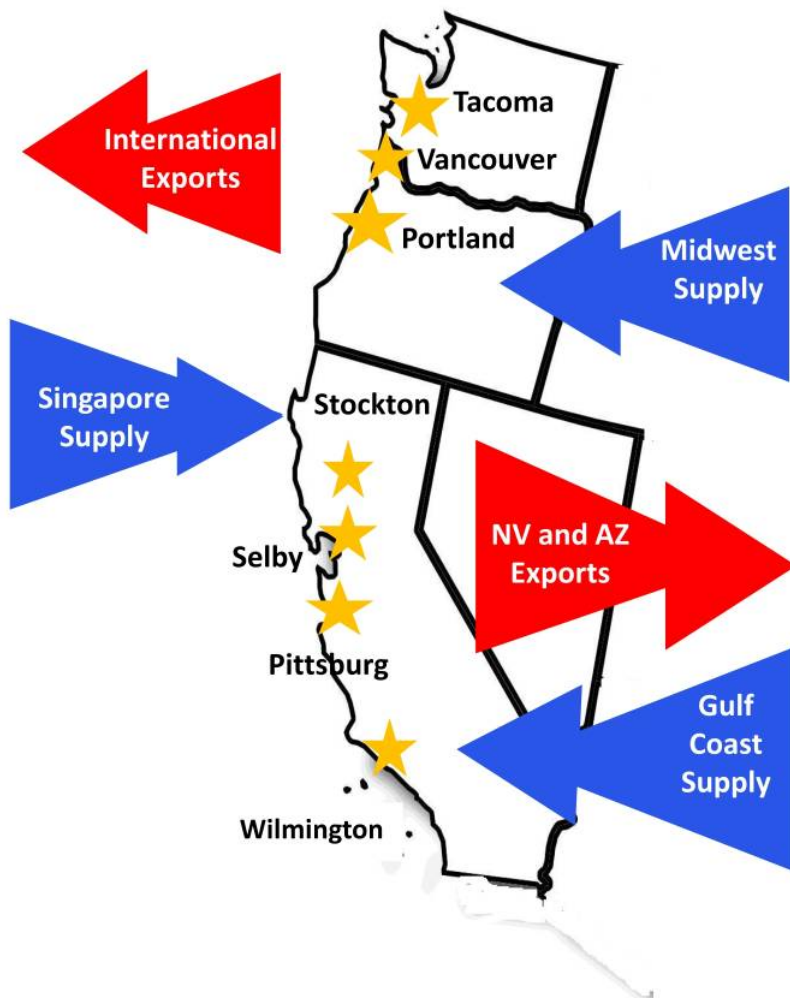
- **We have executed contracts for 20MBPD and expect over 30MBPD per month for unit train off-loading driven by favorable price differentials of WTI, WCS and Bakken**
  - ❑ Dislocations will likely continue with the delay of Enbridge's Line 3 replacement
- **We are also working to facilitate exports of barrels delivered via our existing and planned pipeline connections. Long-haul pipelines debottleneck shale plays and new pipes debottleneck the broader system**

<u>In-bound Capacity</u>	<u>Storage Capacity</u>	<u>Out-bound Capacity</u>
<p><u>Current total: 4.5MMBPD</u></p> <ul style="list-style-type: none"> <li>• Bayou Bridge 24" Pipeline- 456MBPD</li> <li>• Ship Shoal 20" Pipeline- 360MBPD</li> <li>• Zydeco 18" Pipeline- 360MBPD</li> <li>• Bonefish 16" Pipeline- 108MBPD</li> <li>• LOCAP 48" Pipeline- 2.0MMBPD</li> <li>• 20-Car Manifest Rail- 10MBPD</li> <li>• 120-Car Unit Train-N. (60MBPD) &amp; S. (120MBPD)</li> <li>• 2 Truck LACTs- 20MBPD</li> <li>• Ship docks- 750MBPD to 1.0MMBPD</li> </ul>	<p><u>Current total: 9.9MMbbls</u></p>	<p><u>Current total: 3.6MMBPD</u></p> <ul style="list-style-type: none"> <li>• LOCAP 30" Pipeline (3Q19 connection to Maurepas Pipeline)- 380MBPD</li> <li>• XOM Baton Rouge 24" Pipeline- 350MBPD</li> <li>• XOM 16" North Line Pipeline - 150MBPD</li> <li>• Capline 40" Pipeline (<i>Reversal planned 2020</i>)- 1.2MMBPD</li> <li>• MRO Garyville 30" Pipeline- 530MBPD</li> <li>• Ship docks expandable to - 750MBPD to 1.0MMBPD</li> </ul>

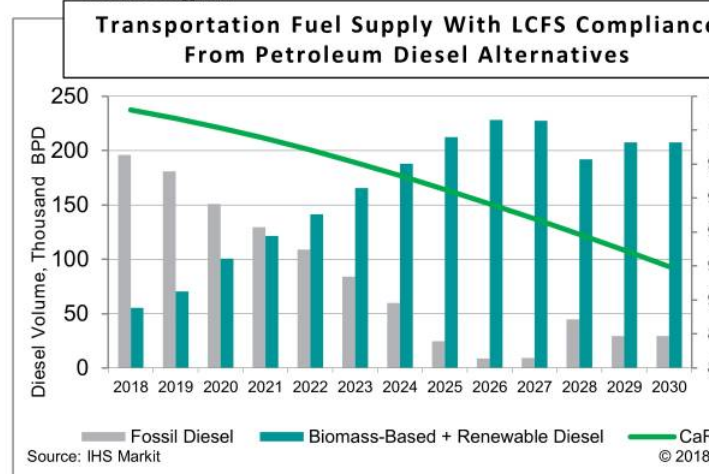
- **We are working on developing commitments to facilitate storage, export and blending services for crude from the Gulf of Mexico and from shale plays across North America with our existing facility and with low-capital expansion/upgrade projects**
  - ❑ Expandable up to ~15MMbbls storage capacity with potential to increase dock loading from 32 to up to 60Mbbls/hour



We Will Continue to Develop Bio-Fuels Logistics Projects for Our Customers to Address Market Dislocations Driven by Aggressive Carbon Emissions Reduction Goals in West Coast States



- Regulatory priorities on the West Coast are dramatically increasing demand for biofuels, which require import and storage, and are likely to drive exports of petroleum diesel in the future
- At the same time, obtaining permits for greenfield project in the region is difficult, which increases the value of existing assets
- We plan to continue to develop low-capital projects, re-purpose assets at our terminal facilities to receive biofuels from outside the region and to provide a base for distribution of biofuel products across the West Coast region



# 2019 Project Completion for Steady Future Growth





In the Meantime, We Continue to Focus on Completing Our 2019 Project Program to Generate Solid, Consistent Growth, as Demonstrated by Our Second Quarter Results...



Project execution

Financial discipline

Safe, responsible operations

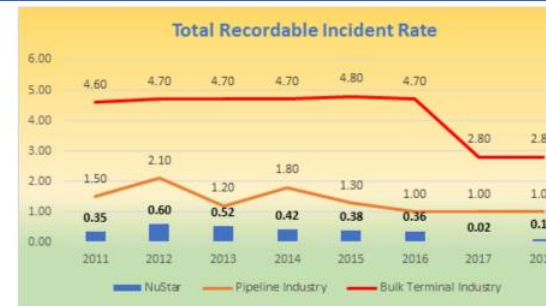
## 2019 Projects List:

- ☒ Selby Renewable Diesel
- ☒ Stockton Biodiesel
- ☒ Permian (Co City)/Sunrise Connection
- ☒ Midland Connection Projects
- ☒ Wichita Falls/Hewitt/Sunrise
- ☒ St. James/Bayou Bridge Connection
- ☒ Corpus Early Service Export on 16"
- ☐ Portland Biodiesel/Renewable Diesel
- ☐ Corpus Full-service Export on 30"
- ☐ Nuevo Laredo Project
- ☐ Valley Project
- ☐ Gray Oak/Hwy 97 Connection

## ...We Will Continue to Make Safe, Responsible and Efficient Operations NuStar's #1 Priority...



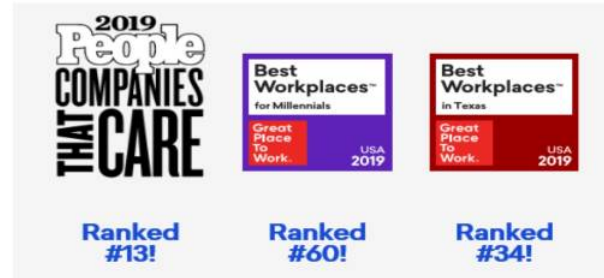
- **Our safety statistics reflect our commitment to safe, responsible operations**
  - ❑ In 2018, as in years past, our safety statistics were substantially better than our peers
    - 23 times better than the Bureau of Labor Statistics (BLS) comparison data for the Bulk Terminals Industry
    - 8 times better than the BLS data for the Pipeline Transportation Industry
- **NuStar has received the International Liquids Terminals Association's (ILTA) Safety Excellence Award 10 times**
  - ❑ ILTA reviews its members' safety reports filed with OSHA, and recognizes member companies that achieve exemplary safety statistics with an award
- **We participate in the OSHA Voluntary Protection Program (VPP), which promotes effective worksite safety and health**
  - ❑ Achieving VPP *Star Status* requires rigorous OSHA review and audit, and *Star Status* requires renewal every three years
  - ❑ 80% of our U.S. terminals are VPP-certified



... And We Will Remain Committed to our Employees and our Communities Across North America



- NuStar has been recognized with numerous awards for its strong corporate culture



- NuStar employees contributed 90,000 volunteer hours in 2018 alone
  - NuStar maintains local volunteer councils in each community in which we operate to contribute to the charitable and civic causes unique to that local community
- 100% of our U.S. employees contribute to our United Way campaign, and our average per capita contribution is the highest in the nation for a company of our size
  - In total, NuStar contributed \$3 million in 2018
- Each year since 2007, NuStar's employees have hosted a golf tournament to support Haven for Hope, a transformational campus in San Antonio that addresses homelessness
  - During those 13 years, the tournament has generated over \$42 million for Haven for Hope





# Appendix





## Producers in the Basin Remain Bullish on Permian Growth, Strength & Resiliency



*"When we first described the cadence over the next two years, we described 2020 as production numbers that translated into double-digit production growth with oil production outpacing the overall growth where we saw free cash flow at \$50 oil and where we saw free cash flow approaching \$1 billion at \$60 oil. **And that's still what we see today under that same base budget scenario.**"*



*"It's our acreage position that allows us to prioritize returns and capital efficiency rather than artificially increasing our inventory through tight well spacing, which, as we know, increases your exposure to the parent-child impacts. It's this development strategy, combined with advances in our completions methodology over time, is what has **allowed us to improve well productivity year-over-year.**"*

Source: Earnings Call Transcripts (August 2019)



*"The **2019 drilling programs should exhibit a significant productivity increase versus 2018 program.** Wider spacing is expected to drive significant productivity improvement versus offset tighter space packages through our acreage."*



*"We went through a period, where we did a lot of testing and slowed down and make sure we get spacing, right, understood gas-oil ratios, where we could move forward and **you're seeing the results of those programs.**"*



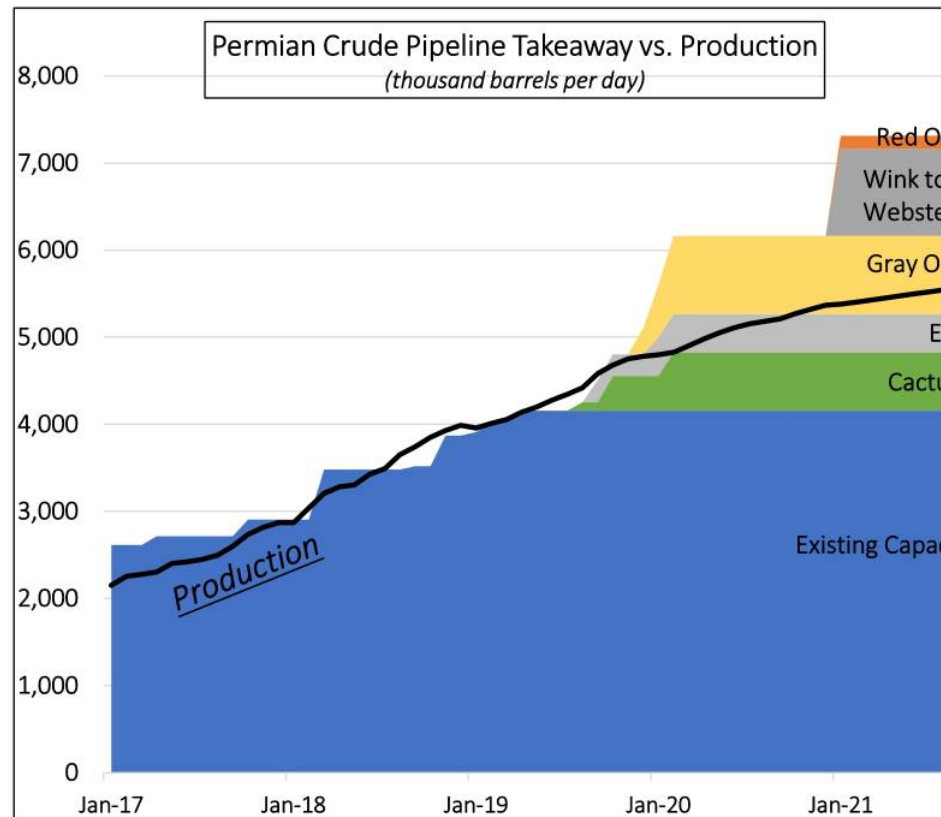
*"We expected to generate a productivity uplift with **2019 action plan and we are seeing that borne out in early data.**"*

*"We are guiding to oil production of 87,000 to 90,000 barrels per day representing **2% sequential growth** at midpoint. We expect to turn 32 to 34 gross horizontal wells to production the vast majority of which will be in the Midland Basin."*

## Long-Haul Pipelines Will Bring an Additional 2.1MMBPD Capacity to Corpus Christi



- **For now, Gulf Coast export facilities, like Permian Basin producers and shippers, remain constrained by the limits of long-haul capacity to the Coast**
- **During the second half of 2019, as new long-haul pipelines commence interim service and ramp up to full service, producers will be able to increase their production**
- **By year-end 2021, Permian production is projected to be up to 5.6 MMBpd**

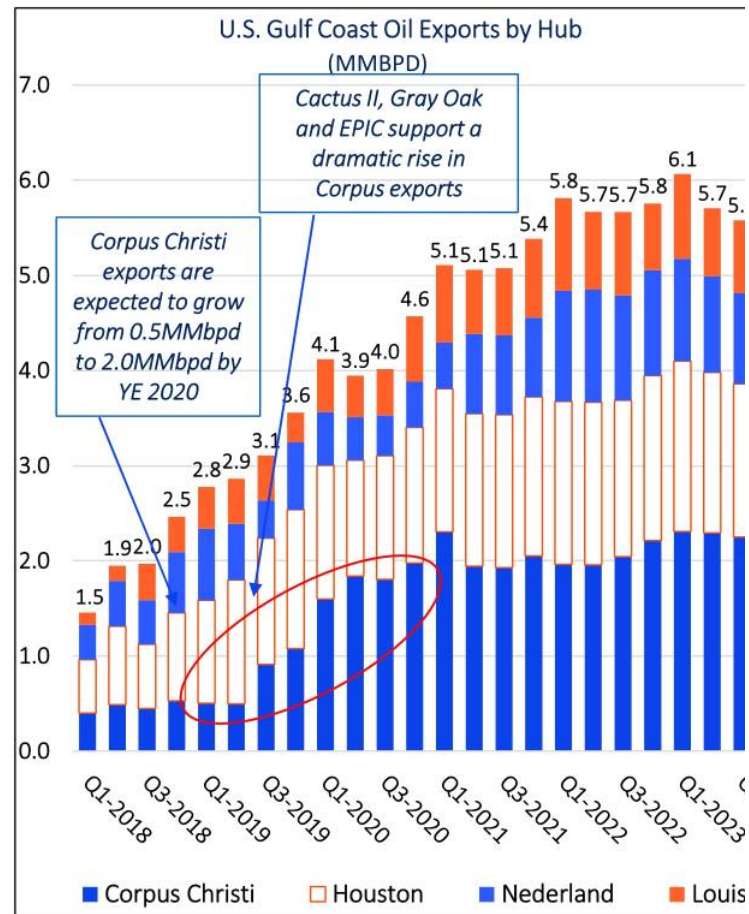


Source: Rystad Energy, ESI

# By Mid-2020, the Port of Corpus Christi is Expected to Become the Largest U.S. Crude Export Hub

- **Regional refiners' consumption has topped out, which means that a significant proportion of the volumes to be transported on an additional 2.1MMbpd of new long-haul pipeline capacity from the Permian to the Corpus area coming in-service during 2H 2019 will be moved out over Corpus dock facilities**
- **Corpus Christi, historically a regional refinery and domestic marine delivery hub, will evolve into a major crude oil export hub**

- ❑ In 2018, Corpus Christi represented 21% of the total 712MMbbls Gulf Coast exports
- ❑ By year-end 2022, exports from Corpus are projected to grow to 2.6MMbpd of the Gulf Coast's total 5.3MMbpd
- ❑ Midstream companies continue to announce new long-haul pipeline projects destined for Corpus Christi that could further enhance the region's crude oil export growth (growth from these projects are not reflected in the RS graph)



Source: EIA, Rystad Energy



# Our New Connections in Taft, Texas Will Establish Our Footprint in This Emerging South Texas Crude Oil Hub



- The long-haul pipeline projects from the Permian to South Texas were developed to maximize shippers' destination optionality, and Taft, Texas offers both geographic flexibility and less expensive real estate

- Taft's location offers a jumping off point for connections on either side of the Corpus Christi Ship Channel (Ingleside or the Inner Harbor)











- As the point of convergence for all three of the Permian-to-Corpus Christi long-haul pipelines and with developing access to multiple marine and refinery outlets, Taft is poised to become the m crude oil market hub in South Texas
- Our connection to Cactus II in Taft not only enables our services for Trafigura; it also positions NuStar to build on our early entry into this developing hub
- We plan to connect to Gray Oak in 4Q 2019 and continue to explore opportunities with EPIC
- We believe there will be ample volumes to support an expansion of our initial Taft footprint



# West Coast Bio-Fuel Strategy Projects (Scheduled for Completion in 2019-2021)



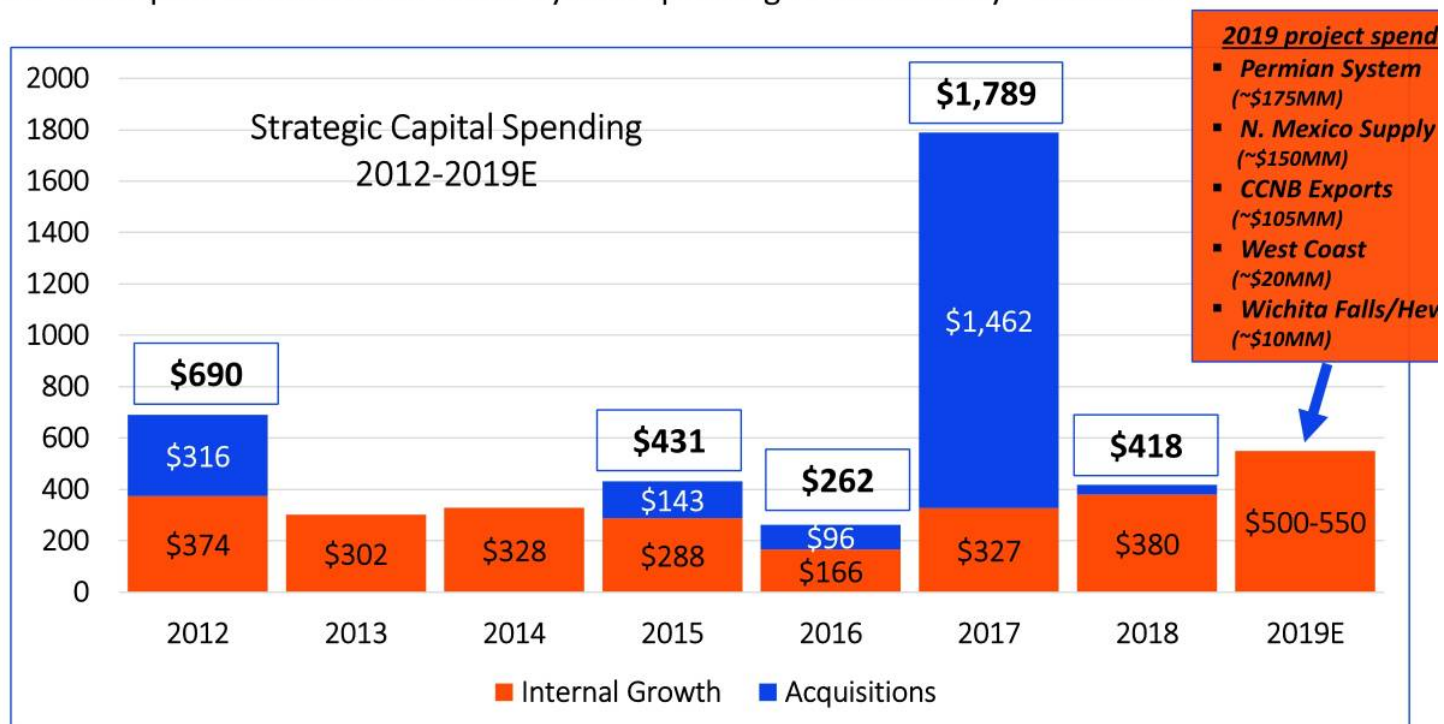
- Together, these projects comprise a renewable diesel/biodiesel distribution system that allows us to capture market share, build important customer relationships with key global producers and achieve higher storage rates than are attainable for non-LCFS products

			2019	2020
Portland		Convert 36,000 barrels of previously idled fuel oil storage to <b>biodiesel service</b>	3Q	
		Convert 57,000 barrels of previously idled fuel oil storage to <b>renewable diesel</b>	4Q	
Selby		Construct new truck-loading bay to accommodate additional <b>renewable diesel</b> loading requirements	1Q	
Stockton		Convert 30,000 shell barrels to <b>biodiesel service</b>	2Q	
		Convert 63,000 shell barrels to <b>renewable diesel</b> service and increase renewable diesel-capable rail spots from five to 15		3Q
		Convert 151,000 shell barrels to <b>renewable diesel</b> service		3Q
		Provide pipeline connections to <b>ethanol</b> rail loading facility to receive 108-car unit trains		2Q
Wilmington		Convert 160,000 shell barrels from fuel oil to <b>renewable diesel</b> storage and reconfigure dock for enhanced marine capability		

# Historic and 2019 Estimated Capital Spending



- We are carefully managing our capital spending to ensure we maintain our financial strength and further lower our leverage and continue to grow our EBITDA with high-return projects
- Next year, we expect lower capital spending
  - We expect 2020 Permian Crude System spending to decrease by ~40% from 2019 levels

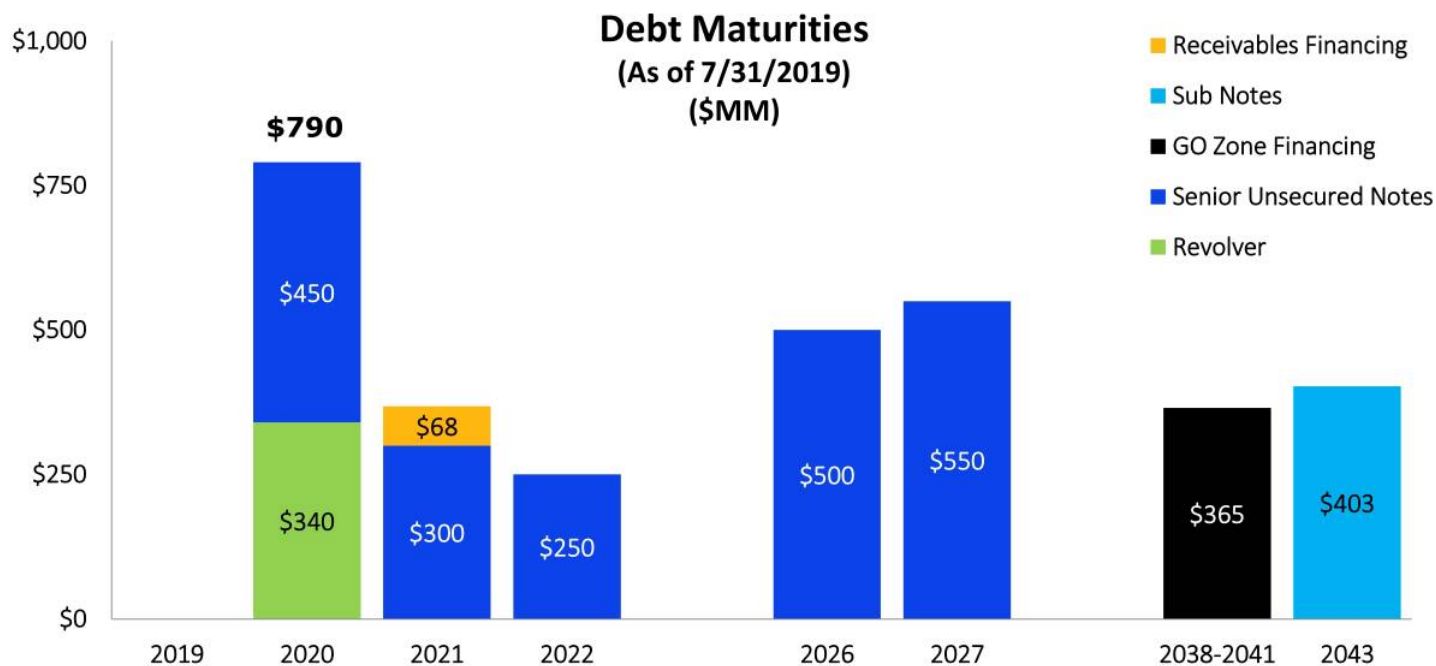


# Debt Maturity Schedule



- **We have applied the proceeds from recent dispositions to our revolver balance, which has allowed us to reduce leverage and redeploy capital to invest in low-multiple projects**

- \$234MM of proceeds from our sale of St. Eustatius operations in July 2019
- \$270MM of proceeds from our sale of the European assets in November 2018



- **In May, we issued \$500MM 6.0% senior unsecured notes that mature in June 2026 – we used a portion of the proceeds to refinance \$350MM 7.65% senior unsecured notes that matured in April 2018**



# Capital Structure as of June 30, 2019

(\$ in Millions)



\$1.4B Credit Facility	\$543	Series D Preferred Units	\$57
NuStar Logistics Notes (4.75%)	250	Series A, B and C Preferred Units	\$79
NuStar Logistics Notes (4.80%)	450	Common Equity and AOCI	<u>1,07</u>
NuStar Logistics Notes (5.625%)	550	<b>Total Equity<sup>1</sup></b>	<b>2,40</b>
NuStar Logistics Notes (6.00%)	500	<b>Total Capitalization</b>	<b><u>\$5,80</u></b>
NuStar Logistics Notes (6.75%)	300		
NuStar Logistics Sub Notes	403		
GO Zone Bonds	365		
Receivables Financing	63		
Finance Lease Liability	59		
Short-term Debt & Other	<u>(16)</u>		
<b>Total Debt</b>	<b>\$3,467</b>		

## ● As of June 30, 2019:

- ❑ Credit facility availability ~\$853MM
- ❑ Debt-to-EBITDA ratio<sup>2</sup> 3.95x

1 - Total Equity includes Partners' Equity and Mezzanine Equity

2 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

# Reconciliation of Non-GAAP Financial Information



NuStar Energy L.P. utilizes financial measures, such as earnings before interest, taxes, depreciation and amortization (EBITDA), distributable cash flow (DCF) and distribution coverage ratio, which are not defined in U.S. generally accepted accounting principles (GAAP). Management believes these financial measures provide information to investors and other external users of our financial information because (i) they provide additional information about the operating performance of the partnership's assets and the cash the business is generating, (ii) investors and other external users of our financial statements benefit from having access to the financial measures being utilized by management and our board of directors when making financial, operational, compensation and planning decisions and (iii) they highlight the impact of significant transactions. We also use adjusted measures of net income, net income per common unit and EBITDA, which are not defined in GAAP to enhance the comparability of performance across periods.

Our board of directors and management use EBITDA and/or DCF when assessing the following: (i) the performance of our assets, (ii) the viability of potential projects, (iii) our ability to fund distributions, (iv) our ability to fund capital expenditures and (v) our ability to service debt. In addition, our board of directors uses a distribution coverage ratio, which is calculated based on DCF, as one of the factors in its compensation determinations. DCF is a widely accepted financial indicator used by the master limited partnership (MLP) investment community to compare partnership performance. DCF is used by the MLP investment community, in part, because the value of a partnership unit is partially based on its yield, and its yield is based on the cash distributions a partnership can pay its unitholders.

None of these financial measures are presented as an alternative to net income. They should not be considered in isolation or as substitutes for a measure of performance prepared in accordance with GAAP. For purposes of segment reporting, we do not allocate general and administrative expenses to our reported operating segments because those expenses relate primarily to the overall management at the entity level. Therefore, EBITDA reflected in the segment reconciliations exclude any general and administrative expenses consistent with our policy for determining segmental operating income, the most directly comparable GAAP measure.

# Reconciliation of Non-GAAP Financial Information (continued)



The following is the reconciliation for the calculation of our Consolidated Debt Coverage Ratio, as defined in our revolving credit agreement (the Revolving Credit Agreement) (in thousands of dollars, except ratio data):

	For the Four Quarters Ended June 30,		Current Guidance	Previous Guidance
	2019	2018	Projected for the Year Ended December 31, 2019	Projected for the Year Ended December 31, 2019
Net (loss) income	\$ (181,650)	\$ 219,306	\$ (127,000 - 102,000)	\$ 185,000 - 210,000
Interest expense, net	179,481	187,765	180,000 - 190,000	195,000 - 205,000
Income tax expense	6,745	12,624	5,000 - 10,000	5,000 - 10,000
Depreciation and amortization expense	292,278	287,646	270,000 - 280,000	280,000 - 290,000
EBITDA	296,854	707,341	328,000 - 378,000	665,000 - 715,000
Impairment losses (a)	336,838	—	—	—
Other expense (income) (b)	38,709	(75,642)	—	—
Equity awards (c)	12,140	7,292	5,000 - 10,000	5,000 - 10,000
Pro forma effect of dispositions (d)	(7,638)	—	295,000 - 305,000	—
Material project adjustments and other items (e)	79,901	(1,637)	50,000 - 70,000	50,000 - 70,000
Consolidated EBITDA, as defined in the Revolving Credit Agreement	\$ 756,804	\$ 637,354	\$ 678,000 - 763,000	\$ 720,000 - 795,000
Total consolidated debt	\$ 3,429,740	\$ 3,454,998	\$ 3,250,000 - 3,550,000	\$ 3,550,000 - 3,850,000
NuStar Logistics' floating rate subordinated notes	(402,500)	(402,500)	(402,500)	(402,500)
Proceeds held in escrow associated with the Gulf Opportunity Zone Revenue Bonds	(41,476)	(41,476)	(41,500)	(41,500)
Consolidated Debt, as defined in the Revolving Credit Agreement	\$ 2,985,764	\$ 3,011,022	\$ 2,806,000 - 3,106,000	\$ 3,106,000 - 3,406,000
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)	3.95x	4.72x	4.1x	4.3x

(a) Represents non-cash impairment losses associated with long-lived assets and goodwill at the St. Eustatius terminal.

(b) Other expense (income) is excluded for purposes of calculating Consolidated EBITDA, as defined in the Revolving Credit Agreement.

(c) This adjustment represents the non-cash expense related to the vestings of equity-based awards with the issuance of our common units.

(d) For the four quarters ended June 30, 2019, this adjustment represents the pro forma effects of the sale of our European operations as if we had completed the sale at the beginning of the period. For the year ended December 31, 2019, this adjustment represents the pro forma effects of the sale of our St. Eustatius operations as if we had completed the sale on January 1, 2019.

(e) This adjustment represents the percentage of the projected Consolidated EBITDA attributable to any Material Project and other noncash items, as defined in the Revolving Credit Agreement.



# Reconciliation of Non-GAAP Financial Information (continued)



The following is a reconciliation of net loss to EBITDA, DCF and distribution coverage ratio; therefore, the reconciling items include activity from continuing and discontinued operations on a combined basis (in thousands of dollars, except ratio data):

	Current Guidance	Previous Guidance
	Projected for the Year Ended December 31, 2019	
Net loss	\$ (127,000 - 102,000)	\$ (143,000 - 102,000)
Interest expense, net	180,000 - 190,000	195,000 - 190,000
Income tax expense	5,000 - 10,000	5,000 - 5,000
Depreciation and amortization expense	270,000 - 280,000	280,000 - 280,000
EBITDA	328,000 - 378,000	337,000 - 378,000
Interest expense, net	(180,000) - (190,000)	(195,000) - (190,000)
Reliability capital expenditures	(60,000) - (80,000)	(70,000) - (80,000)
Income tax expense	(5,000) - (10,000)	(5,000) - (10,000)
Long-term incentive equity awards (a)	5,000 - 10,000	5,000 - 10,000
Preferred unit distributions	(120,000) - (125,000)	(120,000) - (125,000)
Insurance gain adjustment (b)	15,000 - 20,000	25,000 - 20,000
Impairment losses (c)	337,000	
Other items	5,000 - 15,000	
DCF available to common limited partners	\$ 325,000 - 355,000	\$ 305,000 - 355,000
Distributions applicable to common limited partners	\$ 255,000 - 260,000	\$ 255,000 - 260,000
Distribution coverage ratio (d)	1.3x - 1.4x	1.1x - 1.2x

- (a) We intend to satisfy the vestings of these equity-based awards with the issuance of our common units. As such, the expenses related to these awards are considered non-cash and added back to DCF. Certain awards include distribution equivalent rights (DERs). Payments made in connection with DERs are deducted from DCF.
- (b) For 2018, DCF included an adjustment for insurance proceeds received related to hurricane damage at our St. Eustatius terminal. Each quarter we add amount to DCF to offset the amount of reliability capital expenditures incurred related to hurricane damage.
- (c) Represents non-cash impairment losses associated with long-lived assets and goodwill at our St. Eustatius terminal.
- (d) Distribution coverage ratio is calculated by dividing DCF available to common limited partners by distributions applicable to common limited partners.

# Reconciliation of Non-GAAP Financial Information (continued)



The following is a reconciliation of operating (loss) income to EBITDA for the Permian Crude System (in thousands of dollars):

	Three Months Ended								
	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun
Operating (loss) income	\$ (3,424)	\$ 1,050	\$ 650	\$ (1,847)	\$ 3,605	\$ 11,546	\$ 10,878	\$ 5,358	\$
Plus depreciation and amortization expense	10,227	11,005	13,165	13,477	15,059	15,235	16,589	17,647	
EBITDA	\$ 6,803	\$ 12,055	\$ 13,815	\$ 11,630	\$ 18,664	\$ 26,781	\$ 27,467	\$ 23,005	\$

